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RSA chief says pension fund has suffered along with other stockholders

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RUSSELL HUBBARD

News staff writer

Alabama pension chief David Bronner said Wednesday his \$33 billion fund is suffering along with all other stockholders, and that it's anybody's guess when shares will begin to rise again.

"It has to sort itself out," Bronner said in an interview. "That's why I am cautious about saying anything. Whatever you say about stocks today might wind up not being true tomorrow."

The Retirement Systems of Alabama, which invests money to pay for the pensions of about 300,000 active and retired state workers, keeps between 55 percent and 65 percent of its \$33 billion in assets invested in the stock market. Each one-point drop in the Dow Jones Industrial Average works out to a paper loss of \$1.5 million of RSA.

"A 300-point decline is a loss, on paper, of about \$450 million for us," Bronner said.

U.S. stock indexes have fallen so far this year, after the subprime mortgage crisis weakened the profits and net worth of commercial banks, investment banks, mortgage lenders and home builders.

The Dow fell 4 percent Wednesday and has dropped 20 percent so far in 2008. The Standard & Poor's 500 has fallen 22 percent so far this year. Monday, New York-based investment bank Lehman Brothers, founded in Montgomery in 1850, filed the largest corporate bankruptcy in U.S. history.

"Books will be written about this," Bronner said.

The part of the RSA's assets not in the stock market is invested in bonds or alternative investments, or held as cash. Under Bronner, the RSA has made dozens of unconventional investments, from the Robert Trent Jones Golf Trail to assisted living centers.

This year, Bronner offered to buy Jefferson County's troubled sewer system for up to \$1.4 billion if it is first placed in bankruptcy protection. He said the offer still stands as long as a close examination of the system's books proves it generates enough cash to make it worth buying.

Bronner also said he was disappointed the Southeastern Conference signed an exclusive broadcasting agreement with ESPN to show games not already contracted to CBS. That means Montgomery-based Raycom Media, bankrolled by the RSA, will no longer produce and distribute any SEC games, including the conference's frequent appearances in the 11:30 a.m. Saturday football contests.

Raycom, the fifth-largest television station owner in the country, got started by borrowing money from RSA, which collects interest payments and gets prime on-air advertising spots to tout the golf trail and affiliated attractions.

E-mail: rhubbard@bhamnews.com

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